

City of Fort Smith
Port Authority Meeting
11:30 a.m. Thursday, January 17, 2013
City of Fort Smith Administrative Offices
623 Garrison Avenue, Fort Smith, Arkansas

MINUTES

The Fort Smith Port Authority held its regular quarterly meeting at 11:30 a.m. on January 17, 2013 at the City of Fort Smith's Administrative Offices, Room 326, 623 Garrison Avenue, Fort Smith, Arkansas.

The meeting was called to order, and a quorum was noted present. Port Authority members present were Eddie Norman, Larry Combs, Bob Worley and Jeff Taake. Others present were Marty Shell and Wesley Daniels of Five Rivers Distribution, and Jeff Dingman of the City of Fort Smith.

Due to the resignation of the Chair, Larry Combs was elected Chairman of the Port Authority by unanimous vote. Mr. Dingman noted that the vacancy would be addressed at the February 19 Board of Directors meeting. Mr. Worley moved approval of the minutes of the October 18, 2012 meeting. Mr. Norman seconded and the motion carried by unanimous vote.

Mr. Shell of Five Rivers Distribution delivered the tonnage report for the Fourth Quarter of 2012. Mr. Shell reviewed materials and tonnage reports for October, November, and December through the Ports of Fort Smith and Van Buren as provided to the members in their meeting packet. A total of 54,708 tons of product moved through the Ports of Fort Smith and Van Buren in the Fourth Quarter 2012, compared to 50,383.04 tons during the same period last year. Mr. Shell noted that business by rail was increasing, and attributed the increase to recent street crossing improvements. Mr. Shell also noted that December business took a hit due to a 3 week period when the Montgomery Point Lock & Dam was down for maintenance. Annual comparison of total tonnage was 285,868 for 2012 compared to 364,766 for 2011. Mr. Worley moved acceptance of the tonnage report, Mr. Norman seconded and the motion carried by unanimous vote.

Mr. Dingman reviewed the financial report for the Fourth Quarter, showing the summary of tonnage indicated above and associated revenues (from rent & royalties) and expenses to date. To date, the Port Authority has cash on hand of \$13,789.46. Mr. Dingman also reviewed the accounting of capital investment made by Five Rivers and associated reimbursement by the Port Authority. To date, Five Rivers has invested \$114,111.76 in improvements to the port facility. The Port Authority has reimbursed \$35,370.11 to date, and still owes Five Rivers \$78,741.65. Mr. Norman moved acceptance of the financial report, Mr. Taake seconded and the motion carried unanimously.

The Chair asked Mr. Shell for the operator's report. Mr. Shell revisited recent discussions the erosion of the bank of the Poteau River and the condition of the railroad track on the port property. Five Rivers' staff is keeping an eye on both situations and doing what they can to mitigate further

deterioration of both, realizing that neither the City of Fort Smith nor the Port Authority has the funds to address either problem sufficiently. Mr. Shell noted that with the completion of the street crossing improvements last fall, the off-property track and bridge were in good condition, but that track on the port property, laid in the early 1970's, may need to be improved at some point in the future. No immediate problems are known, but the railroad has the discretion to take the track out of service at any time if it feels it isn't adequate.

Mr. Shell noted that the Port of Fort Smith did over 100,000 tons of business in 2012, the most it has done in a long time. Although Trane and Whirlpool are gone as customers, Rheem continues to be a stable customer at the port, at least for the foreseeable future. The port operator is trying to diversify its operation as much as possible and focusing on various bulk materials and storage capacity, and it was noted that a lumber company has recently become a frequent customer. At some point, it would be good to add a warehouse for bulk storage on the port property, but that likely won't happen without a considerable economic development incentive or necessity.


Mr. Worley asked whether the ports of Fort Smith and Van Buren had adequate space. Mr. Shell noted that neither port is at capacity, nor is his competitor in Van Buren. All three locations have the ability to handle more traffic than they are seeing currently, and so are actively seeking additional business.

Mr. Shell noted the recent letter from the Mayor of Tulsa to Mayor Sanders supporting efforts to certify a twelve foot channel in the Arkansas River. Mr. Shell and Mr. Dingman both relayed that the initiative to accomplish the twelve foot channel certification was ongoing.

In Unfinished Business, Mr. Combs asked for an update on the questions of real estate taxes on the public port property. Mr. Dingman recounted that the Sebastian County Court has deemed the property exempt from real estate taxes, even though it is operated by a private contractor. In addition to being exempt from taxes for 2012 and beyond, the decision applies retroactively and the delinquent taxes for 2011, 2010, and 2009 have been forgiven.

There was no New Business noted on the agenda. The next meeting of the Port Authority will be held April 18, 2013 at the City of Fort Smith Administrative Office, 623 Garrison Avenue. There being no further business, the meeting adjourned at approximately 12:15 p.m.

Respectfully submitted,



Jeff Dingman
Deputy City Administrator
City of Fort Smith, Arkansas